SEGALL BRYANT & HAMILL

LONG TERM FIXED INCOME

FACT SHEET | December 31, 2018

Performance[1]

Periods Ended 12/31/18 (%)	QTD	YTD	Annualized Returns 1 Year	3 Years	5 Years	10 Years
Long Term Fixed Income (gross)	1.25	-4.43	-4.43	4.68	5.56	6.63
Long Term Fixed Income (net)	1.17	-4.72	-4.72	4.36	5.18	6.20
BBgBarc U.S. Long G/C Index[4]	0.78	-4.68	-4.68	4.03	5.37	5.88

Calendar Year (%)	2018	2017	2016	2015	2014	2013
Long Term Fixed Income (gross)	-4.43	0.12	0.08	-0.03	0.18	-0.08
Long Term Fixed Income (net)	-4.72	0.11	0.07	-0.04	0.17	-0.08
BBgBarc U.S. Long G/C Index[4]	-4.68	0.11	0.07	-0.03	0.19	-0.09

Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.

Portfolio Characteristics[2]

	Long Term Fixed Income	BBgBarc U.S. Long G/C[4]
Effective Duration	16.4 years	15.0 years
Effective Maturity	25.1 years	24.1 years
Effective Yield	4.0%	4.1%
Coupon	3.8%	4.4%
Average Credit Quality	AA	AA

Sector Allocation[2]

	Long Term Fixed Income	BBgBarc U.S. Long G/C[4]	Relative Weights
Treasury	27.4	42.2	-14.8
U.S. Agencies	0.0	2.6	-2.6
Other Government-Related	7.4	6.6	0.8
Corporate Credit	65.1	48.6	16.5
Cash & Equivalents	0.1	0.0	0.1

Corporate Allocation[2]

	Long Term Fixed Income	BBgBarc U.S. Long G/C[4]	Relative Weights
Financial	14.3	8.3	6.0
Industrial	35.1	34.2	0.9
Utility	15.7	6.1	9.6

[1]Data is based on firm's Long Term Fixed Income composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

[2]Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

[3]The rating information reflects the Standard & Poor's equivalent rating category for the highest credit-quality rating assigned by either Standard & Poor's or Moody's ratings.

[4]Source: CMS BondEdge

[5]Standard Deviation statistic based on monthly data. Three years. Source: eVestment Alliance.

Quality Detail[2,3]

% of portfolio	Long Term Fixed Income	BBgBarc U.S. Long G/C[4]
AAA	33.2	45.7
AA	24.0	5.5
A	38.1	19.2
BBB	4.7	29.6
BB & Below	0.1	0.0

Duration Distribution[2,4]

% of securities	Long Term Fixed Income	BBgBarc U.S. Long G/C[4]
0 - 1 year	0.1	0.0
1 - 3 years	0.0	0.1
4 - 6 years	0.0	0.0
6 - 8 years	1.0	2.2
8+ years	98.9	97.6

Manager commentary for the quarter ended December 31, 2018[2]

Market Overview

In December, the U.S. Treasury yield curve partially inverted for the first time since early 2007, with one-year U.S. Treasury Notes offering higher yield than those with two-, three- and even five-year maturities. Intermediate-maturity interest rates fell sharply even as the U.S. Federal Reserve (Fed) continued to raise short-term rates, while longer-term Treasury yields also fell. A partially inverted yield curve is certainly not a conclusive recessionary signal. We believe it is, however, an ominous slowdown signal as history tells us that a full inversion of the yield curve often precedes recessions and typically starts in the middle of the curve before extending further across the entire yield curve. A variety of factors may be cited for the drop in long-term rates, as well as the dramatic sell-off in equities that occurred during the fourth quarter of 2018, including the potential for increasingly tighter Fed policy, international trade tensions, government shutdowns or the slowing global economy. While these factors weighed on U.S. Treasury yields, economic headlines appeared fairly solid. Inflationary measures have remained quite muted, and employment trends stayed strong, with signs of slightly stronger wage gains.

Fourth quarter returns for investment grade bonds were generally positive despite wider credit spreads as interest rates fell sharply. U.S. Treasuries were the best-performing sector during the quarter as investors embraced their safety, as well as their recently higher yields. Investment grade corporate bonds and mortgage-backed securities posted positive returns but underperformed comparable U.S. Treasuries. As equity markets suffered their worst quarter since 2011, high-quality securities generated positive returns in the “risk-off” environment, while lower-quality high yield bonds and leveraged loans performed extremely poorly. In the quarter, U.S. Treasuries returned 2.57%, A-rated corporate bonds generated a return of 0.27%, lower-rated BBB corporate bonds returned -0.82%, and Caa-rated bonds, the lowest rating category for high yield corporate bonds, returned -9.28%. Once again, high-quality bonds performed their designated role, providing protection and balance in a diversified portfolio.

Outlook and Positioning

The economic outlook has become much more mixed in recent months based on the factors mentioned above. The primary question is whether we are headed into another modest slowdown, similar to those we have seen several times following the Great Recession, or whether we are in the early stages preceding the next recession. Volatility has unquestionably returned as the Fed’s safety net of low interest rates and monetary accommodation is slowly being removed, and the last 10 years of quantitative easing evolves into quantitative tightening. The political environment continues to confound investors, whether it be actions by the Fed, divisive political rhetoric, or international geopolitical concerns.

We have constructed the portfolio with high-quality securities from sectors and issues that many others overlook. We believe a rigorous bottom-up credit selection process and a focus on fixed income market inefficiencies is particularly valuable at this point in the credit cycle, when it is critically important to assess valuations, as well as differentiate the creditworthiness and long-term stability of each holding. Recognizing that we are late in the credit cycle, and that increased volatility is likely to be with us for some time, we have increased our focus on quality and liquidity in an effort to mitigate negative credit events and market dislocations which could adversely impact the portfolio. We remain cautious on long-term interest rates and the possibility of modest increases, given expanding supply concerns, increasing federal deficits, an assertive Fed and still positive economic growth here in the United States. Our risk controls and emphasis on capital preservation are designed to meet investors’ expectations for fixed income allocations within a diversified portfolio.

Performance Disclosure: Long Term Fixed Income Composite

Year	— Composite Assets— Dollars ($ millions)	% of Firm Assets	Composite Accounts	Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	BBgBarc U.S. Long Gov/Credit Bond Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* ($Bil)	Total Firm Assets ($Bil)
2017	181	2.6	2	11.63	11.29	10.71	7.97	8.09	1.42	7.284	6.995
2016	168	2.4	2	7.52	7.17	6.67	8.49	8.71	0.44	7.476	7.169
2015	300	4.1	3	-3.13	-3.57	-3.30	8.56	8.71	0.66	7.606	7.382
2014	326	3.5	3	17.99	17.47	19.31	8.19	8.18	0.25	9.596	9.373
2013	219	2.2	4	-8.05	-8.47	-8.83	8.77	9.12	0.98	10.009	9.794
2012	165	1.8	3	8.03	7.53	8.78	8.05	8.30	0.77	9.565	9.343
2011	110	1.2	3	20.59	20.08	22.49	8.21	9.11	-	9.389	9.101
2010	19	<1.0	1	12.80	12.30	10.16	-	-	-	8.989	8.711
2009	17	<1.0	1	7.30	6.81	1.92	-	-	-	8.038	7.837
2008	16	<1.0	1	3.92	3.46	8.44	-	-	-	7.008	6.867

**Number includes a portion of assets where Segall Bryant & Hamill does not have discretionary trading authority. This information is supplemental to fully compliant presentation.*

1) Segall Bryant & Hamill is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Segall Bryant & Hamill provides fundamental investment management services to various institutional and private investors and mutual funds. Denver Investment Advisors LLC (aka Denver Investments) was acquired by Segall Bryant & Hamill on April 30, 2018. Prior to this date, performance results were achieved through the legacy firm, Denver Investments.
2) This composite was created in January 1983 (style inception was 5/1/1977). All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts that are managed according to the Long Term Fixed Income strategy. The composite includes all actively managed fixed income accounts that are managed to the Bloomberg Barclays U.S. Long Govt/Credit Bond Index and primarily invest in investment-grade securities with maturities more than 10 years. The Bloomberg Barclays U.S. Long Govt/Credit Bond Index benchmark is an unmanaged index that includes fixed rate debt issues rated investment grade or higher by Moody's Investors Services, Standard & Poor's Corporation or Fitch Investor's Service. Long-term indices include bonds with maturities of ten years or longer. Index returns are not covered by the report of the independent verifiers.
3) Gross of fee returns are calculated gross of management and custodial fees and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs and gross of custodian fees. As of 1/1/15, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. Prior to this date, net of fees returns were calculated using actual annual client fees, pro-rated on a quarterly basis.
4) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year. Dispersion is not shown for years in which only one account is present for the entire year.
5) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
6) Segall Bryant & Hamill claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Segall Bryant & Hamill has been independently verified for the periods 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Long Term Fixed Income composite has been examined for the periods 1/1/84 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
7) The maximum fee rate is 0.30%. As of 3/31/2016, the maximum fee was decreased from 0.45% to 0.30%. Please reference Segall Bryant & Hamill's ADV for full fee schedule.
8) Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
9) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.